

**State Water Resources Control Board  
WQCC – Fall Meeting  
October 28, 2008**

**Water Quality Fees**

- California Water Code Section 13260 requires the Water Board to set fees at a level sufficient to cover the approved Budget level.
- Revenue began falling short of expenditures in FY 06-07, but the Water Board did not seek a fee increase because of a surplus in the Fund.
- The surplus was almost entirely attributable to unusually strong activity in the residential construction sector.
- With the surplus reaching \$19.1 million in FY 05-06, the Water Board had not raised fees since FY 04-05.
- In a process noted by many stakeholders for its transparency, the Water Board conducts water quality stakeholder meetings every year, typically in the spring, to discuss the fiscal condition of the Fund and any proposed changes to the fee regulations for the following fiscal year.
- The Water Board informed stakeholders in FY 06-07 that the Fund was running a structural deficit that would eventually have to be closed with fee increases.
- The Water Board agreed with stakeholders not to raise fees until the surplus had been depleted and fee increases were necessary.
- By FY 08-09, expenditures were expected to exceed revenue by \$17.2 million, which would have left the Fund \$12.2 million in the red.
- The statutory authority for setting fees is at the Fund level, but the Water Board tries to match revenue to expenditures on a program by program basis.
- At its public meeting on October 7, 2008, the Water Board passed a resolution that raised water quality fees by the following amounts so that revenue would roughly equal expenditures for each program:

<b>Program</b>	<b>Revenue Increase</b>	<b>Percentage Increase</b>
NPDES	\$4.0 million	36%
WDR	\$5.7 million	40%
Land Disposal	\$1.7 million	36%
Storm Water	\$3.4 million	19%
401 Certification	\$849 thousand	28%
SWAMP	\$2.2 million	43%
GAMA	\$591 thousand	37%
Irrigated Lands	\$22 thousand	0.3%
<b>Total</b>	<b>\$18.4 million</b>	<b>30.7%</b>